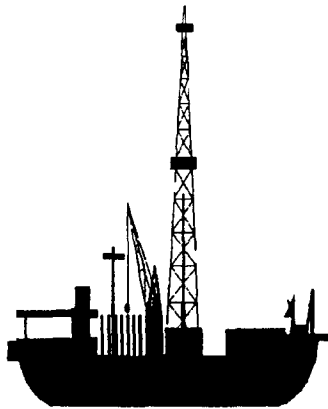


risk assessment & control

ENRON WHOLESALE SERVICES

- ENRON AMERICAS ("EA")
- ENRON GLOBAL MARKETS ("EGM")
- ENRON INDUSTRIAL MARKETS ("EIM")

PORTFOLIO WATCH LIST UPDATE AS OF 1/26/2001

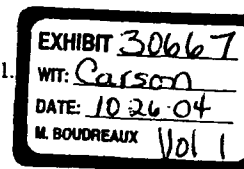


Distribution:

Buy, Rick
Delaney, Dave
Frevert, Mark
Haedicke, Mark (via cc:Mail)
Lydecker, Richard (via cc:Mail)
McConnell, Mike
McMahon, Jeff
Skilling, Jeff
Whalley, Greg

PLEASE NOTIFY RICK CARSON AT X3-3905
WITH QUESTIONS OR COMMENTS
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Cost & Carry Values as of 12-29-2000. Market Values from Merchant Portfolio Report Dated 1-12-2001.



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GOVERNMENT
EXHIBIT
24594
Crim No. H 04-0025

RISK ASSESSMENT & CONTROL
PORTFOLIO WATCH LIST-UPDATE AS OF 1/26/2001
VALUES ARE GROSS / NET TO ENRON AS INDICATED

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NSM - Thailand *	Lycor Energy
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Queen Sand Resources (DEVX Energy) *	Basic Energy (Sierra Well Service)
Transcoastal Marine *	TriPoint, Inc.
WB Oil Company	Qualitech Steel

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RISK ASSESSMENT & CONTROL
PORTFOLIO WATCH LIST-UPDATE AS OF 1/26/2001
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WATCH

Assets displaying early warning signs of potential weakness that deserve close attention.

Bonne Terre Exploration - EA (Limited Liability Company) JEDI II & Balance Sheet (Net #'s)

- The dissolution of the LLC continues to progress through a Windup Agreement, with formal closing expected to occur in Feb-2001. New partners Manti Resources and Tri-C Resources have signed exploration agreements and have been promoted in to develop the Cameron Parish project area. Resource Solutions, the Denver-based Geological / Geophysical shop continues to provide technical assistance in prospect generation and marketing in the project area. Approximately 15 viable prospects and numerous prospect leads, involving five different plays have been identified. The LLC also sold its interest in the Black Bayou Dome Field to RIMCO, who is currently reactivating the field. The LLC retains rights to participate in exploration beneath the dome and maintains a royalty interest in the property pursuant to its fee mineral ownership acquired from Amoco. EA has structured the Exploration Agreements with Manti & Tri-C to reduce capital risk exposure through carried interests and working interest buyback options at casing point. Exit will likely come through monetization of PDP reserves via a volumetric production payment or a sale to a larger E&P player, once drilling prospects are better defined.

C-Gas - EA (Private Equity) JEDI I (Gross #'s)

- Operational results through the first 11 months of year 2000 continue to exceed plan. Actual EBITDA of \$8.075 MM exceeded plan of \$6.40 MM by 26%. Cash flow of \$6.354 MM, exceeded plan of \$4.362 MM by 37%. Production costs decreased by \$499K or 14%, through the Nov-2000 period, due to efficiencies realized from the plugging, sale and shut-in of deficit wells. Average lease operating expense per equivalent MCF was \$0.77 through November, vs. \$0.82 in the comparable '99 period, a favorable 6% decline. The Company has paid down long-term debt from \$22 MM at year-end '99, to its current level of \$16 MM. (Given the reasonably strong operational results, no immediate sale of the Company is planned.)

City Forest Corp. - EA (Senior / Sub Loans, with IP's) Balance Sheet & ENA CLO Trust #1 (Net #'s)

- The Enron Restructuring Group met with the Company in Wisconsin the week of Jan-22nd. Based on current projections, the Company will not be able to meet its Mar-1-2001 principal and interest payments. Annual debt service is approximately \$9 MM and current projected full year 2001 EBITDA is also \$9 MM. The Mar-1st shortfall is related to the timing of EBITDA. Other factors contributing to the shortfall include delayed start-up (which diminished any equity cushion - approximately \$4.5 MM), reduced margins on tissue due to macro conditions in the industry and increased natural gas prices. The 2001 plan called for the expenditure of approximately \$2.276 MM for natural gas at \$4.63 / MMBTU. The Company's gas hedges (at \$5.11 / MMBTU), expire at the end of Q-1-2001. City Forest management has provided detailed financial information, regarding the shortfall. The Restructuring group will be working with Company to provide a short-term solution that will compensate Enron commensurate with our proposals and the incremental risk we are assuming.

Cost **(Transfer to EA CLO #1)** **\$29.610 MM**

- * \$1.663 MM of Carry Value is hedged through "Raptor"

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WATCH - (Continued)

Cypress Exploration - EA (Working Interest) Balance Sheet (Net #'s)

- The rig has been moved to drill new wells in the Riceville prospect (Vermillion Parish) area of south Louisiana. Tri-C, the operator currently is drilling one well at a depth of 13,462 feet with a total depth expected of 17,000 feet. No major operational problems have been encountered. E&P companies Andex and Preston have been promoted in on both wells. On the first well, EA will pay 14% of expenses before casing point and 42% after casing point. EA continues to work with the prospect generation firm, Rozel Energy (Lafayette, LA), to provide technical analysis of existing data, recommend prospects and to assist in selling those prospects. The exit strategy is to identify prospects under lease and then spend minimal exploration dollars that will define potential, create value and maximize sale proceeds.

DPR Holding Co., LLC - EGM (Senior Debt & Private Equity) JEDI II & Balance Sheet (Net #'s)

- Through the first eleven months of year 2000, DPR reported tonnage of 3.5 MM, EBITDA of \$11.5 MM and negative net income before taxes of (\$2.5 MM). These results are less than originally budgeted primarily due to problems experienced at the Dakota mine with roof control and water problems and the development of a longwall at Panther. The sale of the Panther mine to Cline closed on Dec-22-2000. Under the transaction, EGM retains the rights to market the Panther longwall production, and EGM's rights to market both the Panther and Remington coal survive the put/call option. Cline paid \$2.9 MM for EGM / JEDI II's Panther IPC's and EGM / JEDI II's interest in DPR's Membership Units of Panther. Cline also paid down the outstanding debt balance of \$19.3 MM to \$18.2 MM at closing. Panther made a principal prepayment of \$ 4.3 MM on Jan-22-2001 and will make regularly scheduled quarterly principal payments of \$900K, with the balance of \$11 MM being paid on Dec-31-2001. EGM / JEDI II received equity distributions of \$ 4.13 MM through the first eleven months of year 2000. Total equity distributions for year 2000 are expected to be \$ 5.1 MM compared to \$ 8.2 MM of budgeted distributions. Marketing Fees received YTD totaled \$ 1.0 MM.

(Transfer to EA CLO #1)

\$23.054 MM

Juniper Exploration - EA (Limited Partnership) JEDI II & Balance Sheet (Net #'s)

- The Eugene Island 57 location is now on line and average daily production for Dec-2000 was 16 MMCF / day gross. Cash flow from the two wells (#14 & #15) is currently sufficient to cover overhead. Recent drilling activity includes a successful well at West Cameron 310 (Juniper is a 50% W.I. owner). The partnership is currently drilling Eugene Island 60 and High Island A-232. The results of these two wells, together with other approved AFE's for prospects to be drilled in Q-1 and Q-2-2001, will significantly impact the decision whether to extend the partnership for an additional year in May-2001. Over it's 2-½ year history, the LP has drilled eighteen wells, with seven currently producing. Consideration is being given to marketing Juniper's existing production at Bay Marchand, Eugene Island 28 and Eugene Island 57 using the Deal Bench marketing tool. The EA Commercial team has presented the idea to our General Partner for discussion.

- * Asset has been hedged through "Raptor".

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WATCH - (Continued)

Jupiter Holdings, LLC - EGM (Term Loan & IPC's / Options) JEDI II & Balance Sheet (Net #'s)

- **"FROM PERFORMING"** A term loan with IPC's to a Chris Cline (also the principal of DPR Holdings) controlled entity that owns the assets and operations of this coal mining project in West Virginia. In late Dec-2000, it became apparent that a transaction involving Jupiter, known as "Saturn" would not close by year-end. The transaction was with A.T. Massey Coal Company, who encountered issues related to a coal sludge accident in the watersheds of eastern Kentucky. The governor of Kentucky was required to declare a state of emergency in 10 counties as a result of the spill. As a result, EGM and Cline negotiated an amendment to the Jupiter Loan Agreement that 1) extended the termination of EGM's / Jedi II's \$16 MM term loan commitment by three months from Dec-31-2000 to Mar-31-2001 and 2) delayed the commencement of loan amortization from Dec-31-2000 to Mar-31-2001. During Dec-2000, Jupiter also drew an additional \$4.9 MM against the \$16 MM term loan commitment. This brought the outstanding balance on the Jupiter note to \$6.1 MM. The EGM commercial team met with the Company on Jan-19-2001 to discuss Cline's proposal for Jupiter production start-up.

Linder Energy LLC: - EA (66.7% Membership Interest) JEDI II & Balance Sheet (Net #'s)

- Distributions through the last half of the previous year trended up, averaging approximately \$795K per month. Total distributions received by EA / JEDI II since the beginning of the LLC in Dec-98, equal \$15.229 MM. The PV12 value of total proved reserves increased to \$39.6 MM as of Jan-18-2001, up from a PV12 value of \$38 MM that was assigned at Oct-1-2000. The change was primarily related to increases in commodity price decks (natural gas @ \$4.64 / MCF and oil @ \$22.41 / BBL). The new reserve value also incorporated the effect of losing 1 MMCF / day (gross / JV interest = 20%) of production from an offshore well where a tubing replacement failed. Distributions currently remain at 99% to EA / JEDI II, based on the "clawback" mechanism incorporated in the agreement. The current sharing ratio will remain in effect through Mar-31-2001, the next adjustment period. While distributions have improved, EA Restructuring continues to examine methods to exit the investment.

Mariner Energy - EA (Private Equity & Debt) JEDI I & Balance Sheet (Gross #'s)

- Through the first eleven months of year 2000, Mariner's actual EBITDA was 114.2% of plan, with \$80.232 MM, recorded vs. a budget of \$70.274 MM. Actual Net Income for the same period was \$5.228 MM, vs. budgeted of \$(7.436) MM. Favorable year to date variances were primarily the result of \$2.77 / barrel higher than expected realized oil prices and \$0.44 / MCF higher than expected realized natural gas prices, partially offset by 390.7 MBOE lower year-to-date production. Major milestones for Mariner in 2001 include: 1) attaining EBITDA of \$100 MM; 2) achieve production of 6.0 MMBOE; 3) drill six exploratory projects; 4) attain upper quartile drilling performance vs. peers; and 5) subject to market conditions and Board approval, raise \$150 - \$200 MM of new common equity. The commodity price assumptions used by Mariner for 2001 are \$25.00 / bbl for oil and \$4.00 / MCF for natural gas. No additional fundings in 2001 from Enron are contemplated, as projections are for capital expenditures of \$147 MM, with operating cash flow of \$93 MM. The \$54 MM shortfall, would be financed through the Bank revolving credit facility - that

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facility would have estimated borrowings outstanding at the end of Dec-2001 of \$83 MM, with an estimated borrowing base of \$101 MM.

WATCH - (Continued)

Oconto Falls - EIM (Sub-Debt / Equity & IPC's) Balance Sheet (Net #'s)

- The Company has provided tentative closing dates for the sale of Oconto Falls Tissue Inc., to a private international firm, with cash expected in Feb-2001. Incremental payoff will be made with the bridge financing that will occur at closing and then full take-out will coincide with the permanent financing that will be arranged shortly thereafter. The Enron commercial team has reviewed the M.O.U. and the sale price was agreed to at \$48 MM. The sale would result in a liquidity event for Enron and will retire the EA CLO Trust #1 note at par and provides for buy-back of the Enron income participation certificates for approximately \$11 MM. A previous agreement has been entered into with Oconto Falls on the buy-back of the Enron income participation certificates, but no payments had been received to date.

(Transfer to EA CLO Trust #1)

\$ 5.000 MM

*Asset is hedged through "Raptor."

TROUBLED - Assets for which the returns are considerably less than originally projected and / or liquidation in full of the position is questionable.

Ecogas Corporation - EA (Private Equity & Revolving Debt) Balance Sheet (Net #'s)

- On Jan-8th, the Company closed on the sale of the remaining assets to a former shareholder, Inter Asia, now known as Pacific Natural Energy, a private VC fund. The sale amount was approximately \$4 MM and the assets included were Westside, Skyline, San Antonio, Rosenberg and Dallas, with the purchaser assuming all liabilities. Unsecured creditors were paid off on Jan-12th, with those owed amounts over \$10K, receiving approximately \$0.50 cents on the dollar and those owed amounts less than \$10K, receiving payment in full. One vendor (a former employee; current industry consultant) who was owed over \$10K, has notified Ecogas that he will not settle for the proposed amount. The Enron commercial group believes that this situation and any remaining issues have been adequately reserved against. The landfill agreements previously entered into between Ecogas and the cities of Austin, TX and Huntsville, TX, have been terminated. Enron has re-purchased the Section 29 tax credits from Fidelity for \$4.89 MM. The exit strategy was predicated on Enron receiving minimal value from the asset sales in return for receiving indemnification from future legal liability and minimizing any potentiality of the corporate veil being penetrated. The closing of the Austin office will take place over the next couple of weeks.

EnSerCo Offshore - EA (formerly NorAm) (Senior Term Loan) EnSerCo (Net #'s)

- A signed Memorandum of Understanding for an all cash offer of \$10 MM (\$9.65 MM net of broker fees) has been received for the rig from privately held Enercon International. Other potential bidders who expressed interest in the rig included publicly traded Pride International and publicly

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traded Parker Drilling. The impediment to those offers was that each involved a combination of stock and cash vs. the Enercon offer of all cash. A demand letter to recoup costs has been sent to Kingdom Energy, a previous bidder who entered into a term sheet. Enron also continues to legally pursue the personal guarantee that was provided by the main principal of Noram.

TROUBLED - (Continued)

Heartland Steel - EA (Senior Debt, Common Stock & Warrants) Balance Sheet (Net #'s)

- The forbearance agreement in effect with the Company's senior bank group led by PNC Deutsche Bank expired on Jan-19-2001. Heartland remains in default on scheduled principal and interest payments to the bank group and to the EA CLO Trust. There were two principal payments that were due to the Senior Bank Group on or about Jan-1-2001, for \$5 MM and \$6.6 MM respectively. Absent a significant third party cash infusion, it was doubtful those payments would be made. The Company had previously hired Rothschild, Inc., of NY as restructuring advisor. Current project needs to complete ramp-up at the Terre Haute plant were estimated at \$25 MM. As a result of the issues above Heartland filed formal bankruptcy proceedings on Jan-24th.

(Transfer to Condor)

\$ 14.754 MM

(Transfer to EA CLO #1)

\$ 15.000 MM

*Asset has been hedged through "Raptor."

Hughes Rawls LLC - EA (LLC Membership) JEDI I & Balance Sheet (Gross #'s)

- FINAL REPORT The offer of \$1.5 MM made by Energy Partners, Limited ("EPL") for the remaining Bay Marchand properties has officially closed. The offer was on the high end of a previously expected range that used Jun-2000 pricing. There will be a 50-50 split on the sale proceeds. Enron will net approximately \$1.5 MM from the wind-up of the LLC. There are certain audit exceptions that Enron will continue to pursue against EPL.

*Carry value has been hedged through "Raptor."

Ice Drilling - EA (Term Loan with Warrants) EnScrCo

- RESTRUCTURING COMPLETED - No major updates since our last report. A reconciliation of the amounts owed indicates C\$1,057,836 (US\$719,616) outstanding on the original US\$11 MM (gross) loan after the sale of assets placed in receivership. A negotiated settlement on the deficiency with the guarantors was unsuccessful and legal action is now underway.

Industrial Holdings - EA (Term Loan) EnScrCo (Net #'s)

- On Dec-19-2000, announced that recently hired CEO, Michael Marsh was resigning and also stepping down as a member of the Board of Directors. Robert Cone, who had served as President and CEO of Industrial Holdings for its first 11 years, was appointed to succeed. The Company recently commented that in an attempt to focus on its energy related businesses, they are actively seeking a purchaser for their Engineered Products Group, which manufactures cold-formed fasteners and specialty metal components for sale primarily to OEM's in the home furnishings, automotive, and electrical components industries. Their goal is to sell the division and be left with a company with \$45 MM of debt and year 2001 estimated EBITDA of \$18 MM. The Company wide refinancing that had been contemplated to close in mid Jan-2001, and that would have taken Enron's

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debt piece out, has been delayed pending the sale of the Engineered Products Group. The note has been in default and has been accruing interest at the 18% default rate. Recourse against Industrial Holdings has been limited based on the unsecured status of the note.

*Asset has been hedged through "Raptor."

TROUBLED - (Continued)

Inland Resources - EA (Cumulative Convertible Preferred & Common Stock) JEDI II (Net #'s)

- **RESTRUCTURING COMPLETED.** Talks continue between Inland, TCW (the largest equity holder in the Company) and the Enron Restructuring Group regarding a potential buy-out of the Enron position. While no specifics have been agreed to, the parties have agreed to keep discussions open. Through the first nine months of 2000, the Company borrowed \$4.6 MM under its Senior Bank facility and generated \$13.3 MM of EBITDA which it used to continue its development of the Monument Butte Field (\$10.4 MM), service interest on borrowings (\$6.2 MM) and reduce outstanding accounts payable (\$1.3 MM). The derivative business that EA has with Inland will survive any potential re-purchase of our interest. While Inland's economic situation has improved, the investment remains illiquid with the Company's common stock thinly traded. The EA exit strategy is monetization that seeks a reasonable buy-out, given the deeply subordinated position of the investment.

Cost: \$5.200 MM

LSI Electric Specialty - EA (Sr. Term Loan, Preferred Stk. & Warrants) JEDI II & Bal. Sheet (Net #'s)

- On Dec-29-2000, LSI completed a re-capitalization and the ENA CLO note was sold to Frost Bank. In return for making no future claims on the original equity position that EA / JEDI II held in the Company, the following consideration was received: 1) cash in the amount of \$3.350 MM; 2) an assignment by LSI of certain accounts receivable with a face amount of \$175K, with an accompanying obligation by LSI to repurchase uncollectible accounts receivable at par (while best efforts will be used to liquidate the assigned accounts receivable and collect the distributions, there are no assurances for any recovery) - on a positive note as of Jan-19th, \$123K had been received; and 3) an assignment by the principals of LSI of the first \$175K to be distributed to them in their capacity as LI's of Allied Integrated Materials, LLI', ("AIM") a limited partnership that was spun out of LSI in connection with the refinancing. AIM is a 50/50 JV arrangement with Wholesale Electric, formed to manage inventory for large construction projects such as new power plants, using inventory management software developed by Wholesale Electric. LSI had previously entered into a contract with Enron affiliate, NEPCO to use AIM on an Austin Power Plant development.

(Transfer to ENA CLO Trust #1)

\$5.200 MM

*Carry value has been hedged through "Raptor."

Masada - EA (Private Equity - Membership Interests) Balance Sheet (Net #'s)

- The Company has obtained a site permit for its Middletown, New Jersey garbage-to-ethanol plant, but, no financing is currently in place and no EPC contractor has been hired. The plant's projected ethanol-generating capacity is so limited that it will need revenue contributions from other sources, including tipping fees, to cover its debt service. That means potential investors who are familiar with self-sustaining ethanol plants will have to become more comfortable with the vagaries of the municipal solid-waste disposal sector. The bond underwriting effort remains on hold and Merrill Lynch has not been successful in assisting the Company in raising private equity. The right of first refusal that is incorporated in the Masada Agreement, makes it difficult for EA to monetize its

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position. The EA Restructuring Group has approached the Company about selling back our interest, however, no formal terms have been agreed to.

TROUBLED - (Continued)

DEVX Energy (Queen Sand Resources, Inc.) - EA (Equity - Common) JEDI (Gross #'s)

- RESTRUCTURING PARTIALLY COMPLETED. JEDI I / EA recently sold 212,500 shares of common stock at an average price of approximately \$7.00 / share. The position has now been reduced to roughly 20,000 shares. Those shares remain held due to provisions in the JEDI I revolving credit agreement that mandate total payback if all assets are liquidated from the JEDI I portfolio. A clearer picture of the timing of sale of the remaining shares will be better defined within the next month as the orderly disposition of JEDI I assets continues.

* Asset has been hedged through "Raptor."

Sacramento Basin Exploration - EA (50% W.I. & a 40% N.R.I.) JEDI II & Balance Sheet (Net #'s)

- No cash calls have been made and are unlikely until April-2001, based on the prospect area being located in a wet delta region that is only drilling accessible during the April - October period.

* Asset has been hedged through "Raptor."

Basic Energy (Sierra Well Service) - EA (Sr. Sec. Notes w' Warrants & Preferred Stk.) JEDI II (net #'s)

- On Dec-21-2000, the EA CLO Trust #1 received approximately \$24.410 MM in payment in full of principal on the senior secured facility and received approximately \$90K of accrued and unpaid interest. On the senior subordinated note EA CLO Trust #1 received approximately \$18.705 MM in principal repayment and received approximately \$850K in accrued and unpaid interest payment. The shortfall on the senior subordinated note, (approximately \$18,705,334 of principal and \$850,567 in interest) will be recovered through exercise of the EA CLO Trust "CREDIT SUPPORT" put option feature. The cash flow participation certificate survives the re-capitalization. The certificate is for a five-year term and is capped at \$1 MM per year and \$5 MM in total.

(Transfer to EA CLO Trust #1)

\$ 53.611 MM

* Asset has been hedged through "Raptor."

WB Oil Company - EA (Private Equity) Balance Sheet (Net #'s)

- Dissolution documents are being drawn up. The EA exit strategy is sale of the interest.

* Asset has been hedged through "Raptor."

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No future cash flows projected and FMV of the asset has been written off. Residual recovery possible.

Crown Energy - EA (Private Equity) Balance Sheet

- No major news since the last report. EA Senior Management has marked the carry value of the asset to zero. Enron holds 500,000 shares of Crown convertible preferred and 317,069 shares of common. Crown common has recently been quoted in the \$0.065 / share range.

[REDACTED]

L OSS - (Continued)

Kafus Industries, Ltd./ Canfibre - EA (Debt & IPC's) Balance Sheet (Net #'s)

- The Company continues to operate its Riverside, California location as a debtor in possession, following its filing of Chapter 11 bankruptcy. The Riverside medium density fiberboard ("MDF") plant, which had operated at about 55% of its production capacity prior to its bankruptcy filing, has recently been operating in the 20-25% range. Enron has some concern regarding the Kafus Lackawanna, N.Y. MDF plant, wherein a possible draw-down of a \$4.5 MM letter of credit ("LC") could apply if the project is completed and attains certain production standards. Enron had a \$25 MM commitment at the plant, of which \$20.5 MM has been drawn. The LC expires in June and the Enron Restructuring team currently believes it is unlikely that the required production standards will be met by that time. On Jan-18-2001, the Ontario Securities Commission issued a cease-trade order against Kafus Industries, for failure to make statutory filings.

[REDACTED] (Riverside)

[REDACTED] (Other

Kafus)

(Transfer to EA CLO Trust #1)

\$ 60.00 MM

Nakornthai Strip Mill (NSM) -Thailand - EA (Subordinated Notes w/Warrants) Balance Sheet

- RESTRUCTURING PARTIALLY COMPLETED. Creditors of NSM recently rejected the company's proposed rehabilitation plan and will meet again on Jan-25th to consider a revised proposal. Chase Manhattan group, holder of NSM debentures, objected to the period in which the restructuring agreement would be signed. Enron continues negotiations regarding obtaining releases from the two remaining lawsuits that were originally filed against the underwriting group that included ECT Securities. Enron has successfully obtained release from one lawsuit related to the underwriting.

[REDACTED]

Transcoastal Marine Services - EA (Subordinated Debt with Warrants) JEDI II

- RESTRUCTURING PARTIALLY COMPLETED. Under the terms of the ENA CLO Trust "CREDIT SUPPORT" put option feature, ENA CLO Holding recently received \$20.0 MM in respect of principal and \$3.482 MM, in respect of due and unpaid interest on the Transcoastal loan. The Company continues to liquidate related to its Chapter 7 bankruptcy filing. The ENA Commercial group has been advised by outside legal counsel that "some" value for ENA and the CLO Trust should flow from the bankruptcy liquidation.

[REDACTED]

(Transfer to EA CLO Trust #1)

\$ 20.00 MM

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